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E.O. 12958: DECL: 06/04/2033  
TAGS: [PARM](#) [PREL](#) [ETTC](#) [MTCRE](#) [KSCA](#) [CH](#) [PK](#)  
SUBJECT: CHINESE ENTITY TO SUPPLY PAKISTAN WITH  
MISSILE-RELATED PRODUCTION TECHNOLOGY (S)

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS 1.4 (C)

11. (U) This is an action request. Embassy Beijing please see paragraph 4.

12. (S) Background: We have information indicating that as of February 2008, the Chinese firm Polytechnologies Inc. concluded contracts to supply a fiber coil winding machine and integrated optical chips to Pakistan's Advanced Engineering and Research Organization (AERO). These items are suitable for the production of fiber optic gyroscopes, usable in missile inertial navigation systems. A recent Department of Commerce end-use check of AERO determined that the company is not a reliable recipient of U.S. technology. Additionally, pursuant to an investigation related to AERO's application for U.S. export licenses, AERO is a procurement agent and alias for Pakistan's Air Weapons Complex (AWC), which has participated in Pakistan's efforts to develop nuclear weapon delivery systems, cruise missiles, and unmanned aerial vehicles. Finally, AERO is identified on the website of Japan's Ministry of Economy, Trade, and Industry (METI) as an end-user of proliferation concern; Japanese exports to AERO must be licensed.

13. (S) Objective: We wish to bring this contract to the attention of the PRC, and since such transfers could be inconsistent with China's export control restrictions on transfers of sensitive technology, learn if these items were licensed for export to Pakistan. If the transactions involved unlicensed exports, we would like to understand if the PRC plans to investigate the matter and initiate appropriate actions with respect to Polytechnologies Inc.

14. (S) Action Request: Request Embassy Beijing approach appropriate host government officials to deliver points in paragraph 5 as soon as possible upon receipt and report response. Points also may be provided as a non-paper.

15. (S) Begin points/non-paper:

(SECRET//REL CHINA)

-- We would like to raise with you a matter of proliferation concern and request your assistance in investigating this activity.

-- We have information indicating that as of February 2008, the Chinese firm Polytechnologies Inc. had concluded contracts to supply a fiber coil winding machine and integrated optical chips to Pakistan's Advanced Engineering and Research Organization (AERO).

-- Specifically, we understand that the integrated optical chips and fiber winding machine being supplied to AERO are suitable for the production of fiber optic gyroscopes.

-- This technology could support the production of gyroscopes suitable for use in ballistic missile, cruise missile, and

unmanned aerial vehicle inertial navigation systems.

-- We would appreciate learning whether these transactions were licensed for export to Pakistan and note that such transfers could be inconsistent with your government's export control restrictions on transfers of missile technology.

-- If such a license is required, but was not granted, we would appreciate knowing what further action you might take on this matter.

-- We look forward to continued cooperation on missile nonproliferation matters and to hearing the results of your inquiries at the earliest possible time.

END TALKING POINTS.

¶6. (U) Please contact ISN/MTR's Sarah Beane with any questions or follow-up issues related to this case (202-647-4019 - BEANESA@STATE.SGOV.GOV) and slug any reporting on this issue for ISN/MTR and EAP/CM.

¶7. (U) A word version of this document will be posted at [www.state.sgov.gov/demarche](http://www.state.sgov.gov/demarche).  
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